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Livestock, Dairy, and Poultry Outlook

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The next release is January 25, 2005.

Approved by the World Agricultural Outlook Board.

BSE Minimal Risk Regulations Released for Beef and Cattle Imports

Due to uncertainties as to the length of the bans on trade in ruminants and ruminant products because of the discovery of BSE in the United States and Canada, forecasts for 2005 assume a continuation of policies currently in place, including the recently announced minimal risk rule. Subsequent forecasts will reflect any announced changes.

The U.S. Department of Agriculture (USDA) is in the process of amending the Code of Federal Regulations to identify regions that present a minimal risk of introducing BSE into the United States. The rule will set forth the factors to be considered when listing a region as one of minimal risk, as well as required risk-mitigating measures. The rule lists Canada as the only minimal-risk region at this time. Trade restrictions due to BSE and a small population base have resulted in a rapid accumulation of cattle inventories in Canada.

Canada's cattle slaughter sector is operating at about 75,000 head per week comprised of nearly 65,000 head of fed cattle and about 10,000 head of non-fed cattle, largely cows. At the present time Canada cannot export live cattle, but can export beef from cattle under 30 months of age to the United States, Mexico, and a few other countries. Canada simply has accumulated more cattle than it can handle. Cow slaughter and value are down sharply and can be used only for domestic consumption.

The new minimal risk rule going into effect March 7, 2005, is expected to result in a major change in Canadian cattle movements. The relative value of fed cattle versus slaughter cows is expected to swing in the favor of a larger proportion of cows being slaughtered in Canada. The cows and cow beef only have value of any significance if they can be exported to the

United States or other markets. Fed cattle will be displaced by low-priced cows in the Canadian slaughter mix and will be shipped to underutilized U.S. slaughter plants. Under the rule, feeder cattle can be imported to specific feedlots, but must be slaughtered under 30 months of age.

With strong beef demand in the United States and cyclically tight supplies, eligible Canadian cattle and beef will be in strong demand; particularly at present, with relatively lower prices and until prices return to a more normal balance. Increased Canadian cattle imports are expected to add about 6 percent, 1.25 billion pounds, to U.S. beef production in 2005. Compared with to last month, feeder cattle placements are likely to rise about 500,000 head, with progressively larger numbers being marketed in the second half of the year. Fed cattle for immediate slaughter and the increased number of fed cattle marketings due to Canadian feeder cattle imports are expected to add about 1.63 million cattle to slaughter this year compared with last month.

Although not included in the current USDA forecasts, efforts to reopen beef export markets may take much pressure off the North American beef market. International beef supplies are very tight, particularly for the higher quality fed beef only available in sizeable quantities from North America. While beef production is expected to increase about 1.25 billion pounds due to reopening trade with Canada, any resumption of significant export trade likely would return the market to a very tight beef supply scenario, and many former export markets are being woefully under-served at present. The United States is only expected to export 434 million pounds of beef in 2004, the first year of BSE export bans, and is expected to raise the level to only 640 million pounds in 2005. Movement back towards the 2.3-billion-to-2.5 billion-pound export range of 2000 to 2003 would result in price rationing of quality beef in the domestic/export market and boost cattle prices.

Exports Wipe Out Nonfat Dry Milk Surplus

Continued tightness in international dairy markets eliminated any surplus removals of nonfat dry milk (NDM) during the yearend holiday period for the first time since 1989. Commercial exports of NDM are expected to stay large in the first half of 2005. Commercial exports are expected to persist into the second half of 2005. Some easing of international markets is possible, and exports are not expected to be as large as during the first half.

Strong Hog Prices With Slightly Higher Pork Production Expected in 2005

Pig crops plus farrowing intentions reported in the December *Quarterly Hogs and Pigs* report point to 2005 pork production of about 20.7 billion pounds, almost 1 percent above production last year. Prices for 51-52 percent lean hogs (live equivalent) are expected to average $47-$50 per hundredweight (cwt) this year. While 8 percent below 2004, 2005 hog prices are expected to average 22 percent above prices in 2003.

Higher Broiler Production Expected in 2005

Broiler production during the first half of 2005 is expected to total 17.2 billion pounds, about 3-percent higher than a year earlier. The effects of a growing economy and a strong export market will be partially offset by the effects of increases in beef products in the U.S. market as cattle again come in from Canada.

Several months ago, ERS held a workshop with LDP stakeholders and we thank the participants for the suggestions about how to provide our customers with better service. With the February issue, we begin some changes that we hope will make the data in the Livestock, Dairy and Poultry newsletter easier to use. We'll use more charts and tables within the text when they serve to illustrate a point. Since we know that most of our customers use our data in spreadsheet format, the tables that we publish at the end of the month in what is known as the "full report" will be available as Excel spreadsheets only. Subscribers to our newsletter will receive notices when the newsletter and the spreadsheets are posted to the web. The outlook page for LDP at http://www.ers.usda.gov/publications/ldp/ will be modified to reflect these changes. These changes will help us streamline our operations, and provide you with updated analysis and data in formats that you can use in your own reviews of the market. Please let us know if you have any other suggestions.

BSE Minimal Risk Regulations Released for Beef and Cattle Imports

The cattle/beef sector has had major adjustments the last 2 years. With the discovery of a dairy cow in Canada with Bovine Spongiform Encephalopathy (BSE) on May 20, 2003, cattle and beef imports from Canada were banned from international trade. The United States allowed boneless beef from cattle slaughtered under 30 months of age to be imported from Canada beginning August 8, 2003. Mexico approved imports from Canada shortly thereafter, under similar guidelines. On December 23, 2003, a dairy cow, born in Canada, was discovered in Washington State. Imports from the United States were banned following the BSE announcement. Subsequently, trade was re-opened with Canada and then Mexico resumed importing under the same conditions set up with Canada. A number of additional countries have since resumed trade with the United States.

The U.S. Department of Agriculture is in the process of amending the Code of Federal Regulations by establishing a category of regions that present a minimal risk of introducing BSE into the United States. It will set forth the factors to be considered when listing a region as one of minimal risk, as well as required risk-mitigating measures. The rule lists Canada as the only minimal-risk region at this time. Future requests received from other regions to be listed in this category will be evaluated. The rule was published in the *Federal Register* on January 4, 2005, and will be effective March 7, 2005. The rule establishes regulations for the resumption of Canadian live cattle trade, it allows for cattle to be placed in U.S. feedlots under restricted conditions and slaughtered under 30 months of age, and cattle under 30 months of age to be imported for immediate slaughter. The rule also provides regulations for importing beef from cattle over 30 months of age. The rule can be viewed at: http://www.aphis.usda.gov/lpa/issues/bse/03-080-3_final_rule.pdf

Canadian Cattle Bubble

Trade restrictions due to BSE and a small population base have resulted in a rapid accumulation of Canadian cattle inventories over the past 2 years. The July 1, 2004, Canadian cattle inventory data indicate the inventory was 16.8 million head, up 1.1 million head, 6 percent from a year earlier and up 1.4 million head, 9 percent, from 2 years ago. Cows and heifers that had calved were up 8 percent from a year ago and up 9 percent from 2 years ago. The January 1, 2005, *Canadian Cattle* inventory will be released February 17, 2005, with the only uncertainty being how much the inventory increased.

Canada’s cattle slaughter sector is operating just short of 75,000 head per week comprised of approximately 65,000 head of fed cattle and about 10,000 head of nonfed cattle, largely cows. At the present time Canada cannot export cattle, but can export beef from cattle under 30 months of age to the United States, Mexico, and a few other countries. Canada simply has accumulated more cattle than it can handle. Cow slaughter and value are down sharply because it can be used only for domestic consumption.

In contrast, cattle slaughter in the United States is down sharply due to liquidation since 1996 and the beginning movement toward herd expansion with cow slaughter near cyclical lows of 5.1 to 5.2 million head. Total cattle slaughter was down nearly 8 percent in 2004 with sharply reduced slaughter plant capacity utilization. Fed cattle prices averaged a record $84.75 per cwt in 2004, about unchanged from 2003. Feeder cattle prices averaged a record $104.76 per cwt, up $15 per cwt from a year earlier. Similarly, cull Utility cow prices averaged a record $52.35 per cwt, up from $46.62 in 2003. Due to bans on importing U. S. beef, exports from the United States declined from a record 2.5 billion pounds in 2003 to an expected 434 million pounds in 2004. Consequently, per capita beef consumption rose to 65.9 pounds, up a pound from 2003. Retail prices for Choice beef remained strong in 2004, setting a record of $4.07 a pound, up over 8 percent from 2003's $3.75 a pound.

The new minimal-risk rule going into effect March 7, 2005, is expected to result in a major change in cattle movements in Canada. The relative value of fed cattle versus slaughter cows is going to swing in the favor of a larger proportion of cows being slaughtered in Canada. The cows and cow beef only have value of any significance if it can be exported to the United States as well as other markets. Fed cattle will be displaced by low-priced cows in Canadian slaughter plants and those displaced fed cattle will be shipped to underutilized U. S. slaughter plants. In addition, feeder cattle can be imported to specific U.S. feedlots, but must be slaughtered under 30 months of age.

Prices in Canada due to the trade constraints are well below U.S. prices, in some instances sharply below, with few market alternatives:
http://www.ams.usda.gov/mnreports/WA_LS718.txt
In early January Canadian slaughter cows, in very light trade, were averaging near $15 per cwt, while Utility boning slaughter cows in the United States were averaging in the low $50s. Similarly, yearling feeder cattle in Canada were averaging in the mid-$70s, while similar weight cattle in the United States were averaging near $105 per cwt. Prices will become more harmonized over the next year, with much of the change resulting in Canadian prices rising.

Cattle Slaughter, On-Feed Inventories, and Beef Production To Rise

With strong beef demand in the United States and cyclically tight supplies, eligible Canadian cattle and beef will be in strong demand; particularly at the relatively lower prices. Increased Canadian cattle imports are expected to add about 6 percent, 1.25 billion pounds, to beef production in 2005. Compared with last month, feeder cattle placements are likely to rise about 500,000 head, with progressively larger numbers being marketed in the second half of the year. Fed cattle for immediate slaughter and the increased number of fed cattle marketings due to Canadian feeder cattle imports are expected to add about 1.63 million cattle to slaughter this year, compared with last month's forecast.

As the bubble of excess Canadian cows and feeder cattle are worked off through early 2006, trade between the United States and Canada will begin to return to more normal patterns. However, until the Canadian cow inventory comes into balance with slaughter capacity, relative prices will continue to favor cow slaughter in Canada relative to fed cattle slaughter. As always, weather conditions affecting forage growth and grain production will influence the final distribution of animals in North America. Similar to U.S. producers, producers in Canada suffered from poor forage conditions in the early 2000's and low prices; just as conditions and prices were improving in 2003 the Canadian industry was set back with the calamity of BSE and plunging prices as trade outlets diminished. While the bubble may finally be worked off in early 2006's, the Canadian industry, similar to U.S. producers, will have to re-establish their financial base before herd expansion becomes a consideration. Beef supplies in North America are likely to again tighten in 2006 with only modest increases in beef production expected in 2007.

Although not included in current USDA forecasts, successful ongoing efforts to reopen beef export markets may take much pressure off the North American beef market. International beef supplies are very tight, particularly for higher quality fed beef, only available in sizeable quantities from North America. While U.S. beef production is expected to increase about 1.25 billion pounds due to reopening trade with Canada, any resumption of significant export trade would likely return the market to a very tight beef supply scenario, and many former export markets are being woefully underserved at present. While the United States is only expected to export 434 million pounds of beef in 2004, the first year of BSE export bans, exports are expected to rise to 640 million pounds in 2005. Movement back towards the 2.3-billion-to-2.5-billion-pound export range of 2000 to 2003 would result in price rationing of quality beef in the domestic/export market, boosting cattle prices.

Hogs/Pork

December Hogs and Pigs Report Sets a Bullish Tone

USDA issued its *Quarterly Hogs and Pigs* report on December 28th. The report indicates little year-over-year change in the inventory of All Hogs and Pigs, but a slightly smaller inventory of animals Kept for Breeding. According to the report, producers' farrowing intentions--an important determinant of production in the second half of 2005--for December-February are 101 percent of a year ago, while March-May intentions are the same as a year ago.

Many industry analysts have interpreted the report to be slightly "bullish" for the U.S. pork industry with respect to hog prices in 2005. The report brought about expectations for higher hog prices than before the report, because it indicated that key inventories and farrowing intentions were slightly outside the lower end of most analysts' expected ranges. Many analysts expected that the high hog prices enjoyed by producers in 2004 would cause them to gear up to expand production in 2005. Instead, the report indicated that the anticipated expansion--which would eventually result in greater hog numbers and lower prices--is not yet under way.

Industry Structure Slows Supply Response to Higher Hog Prices

Years ago, the level of hog prices experienced in 2004 would have rapidly brought about an industry expansion: beginning with gilt retention, in order to expand breeding herds, leading to larger pig crops, and progressing on up to construction of new production facilities. The structure of the U.S. pork industry has changed in the past 20-25 years such that, in the short run at least, it tends to be less responsive to positive or negative price changes. (See McBride and Key (http://www.ers.usda.gov/publications/aer818/) for additional background and details on structural change in the U.S. pork industry).

In addition to structural change, low prices and negative returns experienced by the industry over the past few years, likely make potential lenders reluctant to extend expansion loans to hog producers, even after a year of high prices like 2004. Finally, in recent years, Federal, State, and local governments have imposed complex sets of regulations on hog operations in order to control potential water and air pollution. In particular, building new hog production facilities from the ground up, involves obtaining building and production permits from various levels of government. The permitting process is costly and time consuming, and could be a factor that slows the hog industry's supply response to higher hog prices.

Continued high hog prices may bring about a modest expansion of pork production. But the driver of such an expansion will likely be more efficient use and more intensive use of existing assets and facilities, rather than construction of new facilities.

Pork Production Expected To Increase Slightly in 2005

Pig crops plus farrowing intentions reported in the December report point to 2005 pork production of about 20.7 billion pounds, almost 1 percent above production last year. The production forecast assumes that 2005 slaughter weights will be about a pound heavier than last year, given favorable feed costs, and that the United

States will import about 5 percent fewer live hogs from Canada due to dumping penalties currently in place. Final disposition of dumping penalties--a result of a trade action by the National Pork Producers Council--will be determined by the U.S. Department of Commerce and the International Trade Commission in the spring.

Hog Prices in 2005 Premised on Continued Strong Consumer Demand

Prices for 51-52 percent lean hogs (live equivalent) are expected to average $47-$50 per cwt this year. While 8-percent below 2004, 2005 hog prices are expected to average 23 percent above prices in 2003. With current break-even prices for hog producers ranging in the high $30 to low $40 per cwt, projected hog prices are expected to generate positive returns for most producers in 2005. As in 2004, hog price forecasts this year are premised on continuation of strong demand for pork products by both U.S. and foreign consumers. Beef prices will be important again this year, as price declines on larger supplies have the potential to cut into consumer demand for pork. Retail pork prices are expected to average in the low $2.80s per pound in 2005, about the same as last year.

Export Demand Dries Up Powder Surplus

Continued tightness in international dairy markets eliminated surplus removals of nonfat dry milk during the yearend holiday period--for the first time since 1989. Normally, the drop in fluid milk sales during the holidays leads to a temporary surge in production of nonfat dry milk by fluid market balancing plants, some of which winds up sold to the government. This year's export interest easily absorbed the probably limited amounts available. December net removals were actually negative, as no purchases were made, and modest amounts of old powder were sold for unrestricted use. Net removals for the October-December quarter were essentially zero.

Export data through November indicate that about 185 million pounds of unsubsidized exports occurred during the first 11 months of 2004. The pace of commercial exports reportedly picked up this autumn as expected powder supplies from Oceania failed to materialize. For the year, 2004 commercial exports were at least the second-largest ever but probably did not match the 1989 record.

Commercial exports are expected to stay large in the first half of 2005. European supplies are tight, milk production continues down in Oceania, and U.S. prices are now quite attractive. With U.S. Government stocks currently far below the massive levels of recent years, international buyers can no longer be as cavalier about arranging supplies. Unless Oceania production rebounds quite robustly during the end of their season, most of the available U.S. powder through midyear probably will be exported.

Small first-half removals are possible—but far from certain. Some powder is likely to wind up out of position, and additional amounts may be sold to the Government when an export deal falls through. However, international markets tight enough to hold support purchases to negligible amounts are certainly possible. The powder surplus probably will stay small until at least the new season in Oceania.

Commercial exports are expected to persist into the second half of 2005. Some easing of international markets is possible, and exports are not expected to be as large as during the first half. However, surplus purchases are not projected to be large during the second half.

Poultry

Broiler Trade Outlook Stronger

The outlook for broiler meat exports in the fourth quarter of 2004 is stronger than earlier anticipated and the estimate has been raised by 100 million pounds to 1.325 billion pounds. Most of the increase is due to record exports in October but other factors, such as the reopening of the Hong Kong/China market and the decline in the dollar relative to a number of other currencies have also contributed to the increase. Shipments in 2005 are forecast at 4.96 billion pounds, up 7.6 percent from 2004, when disease restrictions limited trade, but only slightly higher than in 2003.

Unlike recent years, going into 2005 there are some outstanding issues in access to a number of the largest markets, but there are no outright trade bans or major restrictions to shipping involved. The poultry import quota to Russia for 2005 has been set at 771,900 metric tons (approximately 1.7 billion pounds) for all U.S. poultry exports but broiler products are again expected to account for nearly all of the shipments. In Mexico, the quota for frozen leg quarters in 2005 is 102,010 metric tons (approximately 225 million pounds), a quantity slightly higher than in 2004. The over-quota duty on frozen leg quarters has been lowered to 59.3 percent. Over the next 2 years, the quota amount will rise slightly each year and the over-quota duties will decrease. The quota on frozen leg quarters and the over quota duty are scheduled to be eliminated completely at the beginning of 2008.

U.S. broiler exports in November 2004 were 470 million pounds, up 3 percent from the previous year. Thus, exports over the first 11 months of 2004 were 4.3 billion pounds, down 5 percent from a year ago. Leg quarter exports to Russia and the New Independent States (NIS) made up the bulk of the shipments. In November, shipments of leg quarters to Russia totaled 133 million pounds, while shipments to the NIS were an additional 69 million pounds. Together shipments to these two areas accounted for 59 percent of all leg quarter exports and 43 percent of all broiler exports, on a quantity basis.

Higher Broiler Production Expected in 2005

During the fourth quarter of 2004, the number of eggs being set per week averaged 204 million, up 2.3 percent from the same period a year earlier. The number of chicks placed for growout per week averaged 168 million, 3.4 percent higher than a year earlier. The average growth rate in eggs set and chicks placed tended to be somewhat lower towards the end of the quarter. Although there is expected to be strength in the export market, prices for most broiler products are currently below a year earlier. With lower prices for most broiler products, growth in egg sets and chick placement are expected to gradually slow. This implies a slightly slower growth in U.S. broiler production through the first half of 2005. Broiler production during the first half of 2005 is expected to total 17.2 billion pounds, about 3 percent higher than in the same period in 2004. The effects of a growing economy and a strong export market will be partially offset by the effects of increases in beef products in the U.S. market as beef and cattle again come in from Canada.

Broiler production in November was 2.79 billion pounds, an increase of 15.1 percent from a year earlier. The large production increase is due chiefly to an additional two slaughter days in November 2004 compared with a year earlier.

Broiler slaughter in December is expected to be up slightly from the previous year. The estimate for fourth-quarter 2004 broiler production is now 8.55 billion pounds, down 50 million from the previous estimate.

Broiler stocks at the end of November totaled 765 million pounds, 33 million pounds lower than October, but still 35 percent higher than a year earlier. All of the increase has been in broiler parts, as the stock level for whole birds was only 21 million pounds, down 12 percent from a year earlier. While the stock levels for all broiler parts where higher, stocks for paws (up 121 percent) increased the most as restrictions on exports to China have greatly reduced exports.

Turkey Prices Higher

In December, the price for whole hen turkeys in the eastern region averaged 76 cents a pound, over 9 cents higher than in 2003. Prices for the fourth quarter 2004 averaged 77.1 cents per pound, up 14 percent from a year earlier. Wholesale prices for whole turkeys and turkey parts are expected to remain above year-earlier levels as stocks (whole birds and parts) are well below last year and minimal growth is expected in turkey production. Turkey production in November was 482 million pounds, 5.9 percent higher than in November 2003. However, without the two extra slaughter days in November 2004, production would have been lower than a year ago.

In November, U.S. turkey exports totaled 47.4 million pounds, up 4.8 percent from the previous year. The November exports lifted total turkey shipments over the first 11 months of 2004 to 401 million pounds, down 9 percent from the same period in 2003. Exports to Mexico and Canada have both been strong and shipments to Russia so far in 2004 are 13 percent higher. However, increases to these markets were more than offset by lower exports to Hong Kong, down 79 percent over the first 11 months, and a number of other Asian markets.

Contacts and Links

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Data

Colorado State University's Livestock Marketing Information Center (http://www.lmic.info) now houses the retail scanner prices for meat data base (http://www.lmic.info/meatscanner/meatscanner.shtml), including standard tables, the searchable data base, and documentation. The raw data underlying the data base are from supermarkets across the United States that account for about 20 percent of supermarket sales. Erica Rosa, 720-544-2941.

Recent Report

"U.S. 2003 and 2004 Livestock and Poultry Trade Influenced by Animal Disease and Trade Restrictions" discusses how animal diseases have influenced trade in animal products in the past few years, and is available at http://www.ers.usda.gov/publications/LDP/JUL04/LDPM12001/

Related Websites

Animal Production and Marketing Issues,
http://www.ers.usda.gov/briefing/AnimalProducts/
Cattle, http://www.ers.usda.gov/briefing/cattle/
Dairy, http://www.ers.usda.gov/briefing/dairy/
Hogs, http://www.ers.usda.gov/briefing/hogs/
Poultry and Eggs, http://www.ers.usda.gov/briefing/poultry/
WASDE, http://www.usda.gov/oce/waob/wasde/latest.pdf

Red meat and poultry forecasts

	2001	2002	2003					2004					2005			
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	Annual
Production, million lb																
Beef	26,107	27,090	6,282	6,902	7,081	5,973	26,238	5,834	6,254	6,360	6,095	24,543	6,025	6,725	6,925	26,025
Pork	19,138	19,664	4,898	4,741	4,807	5,499	19,945	5,130	4,897	5,046	5,450	20,523	5,250	4,950	5,050	20,725
Lamb and mutton	223	219	49	50	48	52	199	52	46	46	49	193	51	49	49	201
Broilers	31,266	32,240	7,786	8,275	8,448	8,240	32,749	8,208	8,491	8,834	8,550	34,083	8,450	8,775	9,075	35,125
Turkeys	5,562	5,713	1,380	1,439	1,409	1,423	5,650	1,302	1,365	1,387	1,375	5,429	1,285	1,380	1,400	5,515
Total red meat & poultry	83,006	85,669	20,570	21,586	21,965	21,355	85,476	20,687	21,220	21,849	21,686	85,442	21,225	22,052	22,676	88,272
Table eggs, mil. doz.	6,078	6,190	1,524	1,528	1,559	1,596	6,207	1,554	1,572	1,594	1,630	6,350	1,585	1,600	1,605	6,435
Per capita consumption, retail lb 1/																
Beef	66.2	67.6	16.2	16.9	16.9	15.0	64.9	16.0	16.9	16.9	16.1	65.9	16.2	17.8	18.2	68.8
Pork	50.2	51.5	12.6	12.5	12.6	14.1	51.8	13.0	12.4	12.7	13.5	51.6	13.0	12.5	12.8	51.8
Lamb and mutton	1.1	1.2	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	1.2
Broilers	76.6	80.5	19.7	20.7	21.3	19.9	81.6	20.8	21.2	21.8	20.8	84.6	21.0	21.5	22.5	86.6
Turkeys	17.5	17.7	3.6	3.9	4.6	5.3	17.4	3.6	4.0	4.4	5.1	17.1	3.4	3.8	4.0	16.6
Total red meat & poultry	213.6	220.5	52.9	54.9	56.1	55.0	218.9	54.1	55.1	56.5	56.2	221.9	54.2	56.2	58.2	226.4
Eggs, number	252.7	255.5	62.6	63.0	63.8	65.3	254.7	63.6	63.7	63.9	65.4	256.6	63.2	63.7	63.8	256.1
Market prices																
Choice steers, Neb., $/cwt	72.71	67.04	77.82	78.49	83.07	99.38	84.69	82.16	88.15	83.58	85.09	84.75	82-86	79-85	77-83	79-85
Feeder steers, Ok City, $/cwt	88.20	80.04	78.48	82.49	94.90	103.51	89.85	87.98	104.58	116.27	110.19	104.76	88-92	88-94	89-95	89-95
Boning utility cows, S. Falls, $/cwt	44.39	39.23	40.53	46.52	49.84	49.60	46.62	47.50	54.86	56.25	50.78	52.35	51-53	52-56	50-54	51-54
Choice slaughter lambs, San Angelo, $/cwt	72.04	72.31	91.92	93.71	89.48	92.82	91.98	100.62	97.06	93.62	95.44	96.69	95-99	92-98	91-97	92-98
Barrows & gilts, N. base, l.e. $/cwt	45.81	34.92	35.38	42.64	42.90	36.89	39.45	44.18	54.91	56.58	54.35	52.51	50-52	50-54	46-50	47-50
Broilers, 12 City, cents/lb	59.10	55.60	60.30	59.60	63.40	64.60	62.00	73.20	79.30	75.70	68-69	74.20	69-73	69-75	70-76	70-75
Turkeys, Eastern, cents/lb	66.30	64.50	61.10	60.60	59.10	67.40	62.10	62.10	66.60	73.10	76-77	69.60	63-67	65-71	69-75	68-73
Eggs, New York, cents/doz.	67.20	67.10	77.20	73.90	89.90	110.70	87.90	114.90	79.70	66.20	66-67	81.80	63-67	58-62	62-68	63-67
U.S. trade, million lb																
Beef & veal exports	2,269	2,447	582	678	680	578	2,518	36	120	138	140	434	140	170	180	640
Beef & veal imports	3,164	3,218	810	741	619	836	3,006	873	929	940	820	3,562	920	930	930	3,660
Lamb and mutton imports	146	162	40	44	35	48	168	62	47	34	39	182	55	48	45	190
Pork exports	1,560	1,611	412	440	404	461	1,717	523	546	486	580	2,135	540	545	495	2,145
Pork imports	951	1,070	289	301	298	297	1,185	275	265	291	280	1,111	275	290	310	1,215
Broiler exports	5,555	4,807	1,191	1,166	1,181	1,382	4,920	1,024	1,008	1,250	1,325	4,607	1,180	1,260	1,245	4,955
Turkey exports	487	439	103	114	129	137	484	83	93	134	130	440	120	120	130	510

1/ Per capita meat and egg consumption data are revised, incorporating a new population series from the Commerce Department's Bureau of Economic Analysis based on the 2000 Census.

Source: World Agricultural Supply and Demand Estimates and Supporting Materials.

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Economic Indicator Forecasts

	2003		2004					2005				
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
GDP, chain wtd (bil. 2000 dol.)	10,599	10,381	10,709	10,778	10,883	10,983	10,837	11,074	11,168	11,262	11,356	11,216
CPI-U, annual rate (pct.)	0.9	1.9	3.6	4.7	1.9	2.5	3.2	2.3	2.2	2.2	2.3	2.2
Unemployment (pct.)	5.9	6.0	5.6	5.6	5.4	5.4	5.5	5.3	5.3	5.2	5.2	5.3
Interest (pct.)												
3-month Treasury bill	0.9	1.0	0.9	1.1	1.5	1.9	1.4	2.3	2.5	2.9	3.3	2.7
10-year Treasury bond yield	4.3	4.0	4.0	4.6	4.3	4.3	4.3	4.5	4.7	5.0	5.1	4.8

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, November 2004.
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Dairy Forecasts

	2003		2004					2005				
	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual
Milk cows (thous,)	9,011	9,084	8,990	8,998	9,033	9,020	9,010	8,980	8,955	8,940	8,930	8,950
Milk per cow (pounds)	4,609	18,748	4,750	4,858	4,671	4,685	18,965	4,845	5,010	4,790	4,800	19,445
Milk production (bil. pounds)	41.5	170.3	42.7	43.7	42.2	42.3	170.9	43.5	44.9	42.8	42.9	174.1
Commercial use (bil. pounds)												
milkfat basis	45.3	174.6	42.1	43.7	44.5	45.8	176.0	43.1	44.0	45.4	46.0	178.5
skim solids basis	42.0	166.2	42.4	43.2	43.3	44.2	173.1	43.9	44.4	44.2	44.1	176.6
Net removals (bil. pounds)												
milkfat basis	0.0	1.2	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
skim solids basis	0.7	8.1	0.8	0.1	0.4	0.0	1.3	0.3	0.2	0.4	0.5	1.5
Prices (dol./cwt)												
All milk 1/	14.40	12.52	14.07	18.60	15.47	16.03	16.04	15.10	13.35	13.20	14.30	14.00
								-15.50	-14.05	-14.20	-15.30	-14.80
Class III	13.24	11.42	12.66	19.31	14.54	15.06	15.39	12.85	12.15	12.25	12.65	12.45
								-13.85	-13.15	-13.25	-13.65	-13.45
Class IV	10.33	10.00	12.43	14.26	12.92	13.19	13.20	12.20	11.70	11.70	12.00	11.90
								-12.70	-12.50	-12.80	-13.10	-12.80

1/ Simple averages of monthly prices. May not match reported annual averages.

Source: World Agricultural Supply and Demand Estimates and supporting materials.
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